

COMMISSION OF THE EUROPEAN COMMUNITIES

COM(77) 491 final
Brussels, 13 October 1977

Proposal for a FINANCIAL REGULATION

concerning the EAGGF, Guarantee Section, for the
periods 1967/68 to 1970

(submitted to the Council by the Commission)

COM(77) 491 final

EXPLANATORY MEMORANDUM

1. Aid from the EAGGF, Guarantee Section, for the four accounting periods of 1967/68, 1968/69, the second half of 1969 and 1970 relates to a total of about 7 000 million units of account of expenditure, of which around 5 300 million were entered in the budget as part of the payments on account decided on by the Commission.

The balance of around 1 700 million units of account has been the subject of fund movements in the form of clearing pursuant to the Council "cumulation" resolutions of 21 April 1970¹ and 30 May 1972²; the objective of these resolutions was to solve the liquid assets problems which might arise for Member States on the transition from the reimbursement system (valid until 31 December 1970) to the system of direct financing, and the sum was not accounted for by budget entries. For this reason, applying the current financial rules would require about 1 700 million units of account to be entered in the budget under expenditure and receipts, whereas the payments which the Member States must make or receive total only about 47 m u.a.

2. The presentation of a supplementary budget of 1 700 million u.a. for purely accounting reasons would thus be very difficult to justify in view both of the size of the amount compared with actual fund movement (47 m u.a.)

¹ OJ No C 50, 28.4.1970, p. 2

² OJ No C 105, 10.10.1972, p. 16

and in view also of the reactions which the request for such a large appropriation would be likely to excite. The unsuitability of the ordinary budget procedure is further added to by the facts that it is not a case, in the budgetary sense, of new forecasts of expenditure and receipts but simply of a correction, that the expenditure in question is very old - it dates back ten years - and covers several accounting years and, lastly, that this situation relates to a receipts system which is different from the present one and concerns only the Member States of the original Community.

These reasons justify the search for a simplified solution at budget level, i.e. an ad hoc financial regulation to definitively settle the matter of former periods and regulate the effects of cumulation.

3. This specific Regulation, based on Article 209 of the Treaty, contains broadly speaking the following enacting terms:

- (a) Articles 1 to 3 describe the mechanisms relating to Member States' contributions and the repayment of expenditure (clearing); these provisions repeat those contained in Articles 6, 8 (with the exception of paragraph 2 (b)), 10 and 11 of the Financial Regulations on the EAGGF (64/127/EEC);
- (b) Article 4 stipulates that where there is no budget entry the accounting results by period, which are necessary to draw up Member States' accounting positions, will be published in an annex to the revenue and expenditure accounts of the Commission.

.../...

(c) Article 6 repeals all contrary provisions in existing Community regulations.

4. Finally, the repealing of all provisions prior to this Regulation (see point 3(c)) means that the existing provisions concerning sums unpaid laid down in Article 3(2) of Regulation No 2003/73, which are particularly restrictive (annual mini-clearing for the Six), must be replaced by a special Article settling this problem definitively (Article 5). It is proposed that the sums at present unpaid for the second half of 1969 and 1970 should be incorporated in the new system of financing; the existing provisions are not only very difficult to implement but furthermore they ignore two important factors;

- (a) Recoveries following irregularities relating to former periods are already covered by the new system; it is logical that this should also be the case for expenditure, this latter being moreover offset by the abovementioned receipts.
- (b) Furthermore, since it is intended that the provision should not enter into force until 1978, it will in any event have to be aligned on the situation as it stands at that date, i.e. the abolition of relative shares and the introduction of the integral own resources system.

.../...

Financial Regulation concerning the EACGF, Guarantee Section,
for the periods 1967/68 to 1970

THE COUNCIL OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Economic Community,
and in particular Articles 43 and 209 thereof,

Having regard to the proposal from the Commission,

Having regard to the opinion of the European Parliament,

Whereas, in order to clear the accounts for the accounting periods
1967/68 to 1970, which involves only the Member States of the Community
as originally constituted, movements of funds relating to these four
periods should be limited to a single clearing,

HAS ADOPTED THIS REGULATION:

.../...

Article 1

1. The financial contributions from Member States calculated in accordance with Article 11 of Council Regulation No 130/66/EEC of 26 July 1966 on the financing of the common agricultural policy¹ and Articles 2 and 7 of Council Regulation (EEC) No 728/70 of 21 April 1970 on additional provisions for the financing of the common agricultural policy² shall be used to cover expenditure by the Guarantee Section of the Fund.

2. The financial contributions as expressed in units of account shall be converted into national currency and credited by each Member State to a special account opened in the Commission's name (EAGGF) with the Treasury or other body appointed by the Member State. Such accounts shall be separate from all other accounts opened for the Commission under budgetary procedure.

3. The credit entry referred to in paragraph 2 shall be made in accordance with the provisions of Article 3(1).

¹ OJ No 165, 21.9.1966, p. 2965/66

² OJ No L 94, 28.4.1970, p. 9

Article 2

1. For the purpose of the settlement of accounts, the granting of authority to pay and the payment of expenses relating to the Guarantee Section, the Commission shall, in the name of each Member State, keep an account for each accounting period which shall be:

- credited with the amounts to be reimbursed to that Member State pursuant to the decisions taken in accordance with Article 10 of Council Regulation No 17/64/EEC of 5 February 1964 on the conditions for granting aid from the European Agricultural Guidance and Guarantee Fund¹;
- debited with the contributions of that Member State calculated in accordance with the provisions in force during the accounting period in question and on the basis of the data available at the time of the decision.

2. The Commission shall inform each Member State of the balance of its account.

3. The accounts referred to in paragraph 1 shall be kept and adopted in units of account.

Article 3

1. Member States in debit shall, within one month from the date of notification, pay the amounts for which they are liable for the whole of the periods 1967/68 to 1970. The payments shall be made in their national currency into the accounts opened in accordance with Article 1 (2), on the basis of the parity in force on 31 December 1970.

2. Member States in credit shall, within two months from the date of notification, receive a payment from the Commission for the whole of the periods 1967/68 to 1970, made in their national currency on the basis of the parity in force on 31 December 1970.

¹ OJ No 34, 27.2.1964, p. 586/64

Article 4

A detailed table on the closure of accounts for the periods 1967/68 to 1970 shall be published as an annex to the revenue and expenditure accounts of the Commission referred to in Article 81 of Financial Regulation No 73/91/ECSC, EEC, Euratom of 25 April 1973 applicable to the general budget of the European Communities⁽¹⁾.

Article 5

The expenditure chargeable in respect of the second half of 1969 and 1970 which remains unpaid when the accounts for those periods are closed shall be financed in accordance with the provisions of Council Regulation (EEC) No 729/70 of 21 April 1970 on the financing of the common agricultural policy⁽²⁾.

Article 6

Financial Regulation No 64/127/EEC of 5 February 1964² on the European Agricultural Guidance and Guarantee Fund and Article 3(2) of Council Regulation (EEC) No 2030/73 of 24 July 1973 on aid from the EAGGF, Guarantee Section, for the 1967/68 to 1970 accounting periods⁴ are hereby repealed.

Article 7

This Regulation shall enter into force on the third day following its publication in the Official Journal of the European Communities. This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels,

¹ OJ No L 116, 1.5.1973, p. 1

² OJ No L 94, 28.4.1970, p. 13

³ OJ No 34, 27.2.1964, p. 599/64

⁴ OJ No L 207, 28.7.1973, p. 1